

## AUSTRALIAN STANDARD INDUSTRIAL CLASSIFICATION

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COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

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COMMONWEALTH BUREAU OF CENSUS AND STATISTICS

COMMONWEALTH OF AUSTRALIA

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Reprinted from the 1980 edition, which does not contain any changes to the Classification. However, some minor errors and omissions have been corrected and the Preface has been brought up to date.

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## PREFACE

This preliminary edition \* of the Australian Standard Industrial Classification(ASIC) was prepared by the Commonwealth Bureau of Census and Statistics for use in processing the first integrated economic censuses, which were taken in respect of the year ending June 1969, and in publishing the results of these censuses. These censuses covered Mining, Manufacturing Electricity and Gas Production and Distribution, Wholesale and Retail Trade, and certain Services. The ASIC was also adopted in other statistical series, notably the 1971 Census of Population and Housing.

2. In preparing this preliminary edition of the ASIC the Bureau undertook a substancial programme of analytical work and empirical investigations, extending over a period of some three years. The Bureau also took account of the views expressed by a number of users of economic statistics, who commented on an earlier draft of the Classification. The Classification is, however, still subject to revision, in the light of practical experience in applying it in the integrated economic censuses, and in the light of some further studies relating to fields of economic activity outside the scope of those censuses.

3. A summary description of the Classification is provided in Chapter 1, to give a broad indication of the nature of the Classification and the way in which it is to be used in official statistics. A fuller understanding of the Classification may be gained by reading the more detailed explainations provided in Chapters 2 to 6. The summary material in Chapter 1 is organised in broadly the same order as the material in Chapters 2 to 6, and a reference to relevant paragraphs of the more detailed Chapters is shown after sub-headings in Chapter 1.

\* Reprinted 1973. This reprinted series does not contain any changes to the Classification. However, some minor errors and omissions have been corrected and the Preface has been brought up to date.

## ABBREVIATIONS

Abbreviations used in the Classification are:





## CHAPTER 1 : SUMMARY DESCRIPTION OF THE CLASSIFICATION

### NATURE, PURPOSES AND PRINCIPLES OF THE CLASSIFICATION

(Chapter 2)

#### NATURE OF THE CLASSIFICATION (Chapter 2, paragraphs 1-11)

##### Broad Description of the Classification (Chapter 2, paragraphs 1-4)

The Australian Standard Industrial Classification (ASIC) has been designed primarily as a system for classifying establishments (e.g. individual mines, factories, shops, etc.) by industry. An 'industry', i.e. an individual class or group, etc. in the ASIC, consists of the establishments which have been classified to it.<sup>1</sup>

2. The ASIC may also be used for classifying other statistical units such as enterprises.

3. The structure of the ASIC comprises four levels, namely 'Divisions' (the broadest level), 'Sub-divisions', 'Groups', and 'Classes'.

##### Definition of Classes and Groups, etc. (Chapter 2, paragraphs 5-10)

4. Each ASIC class is defined in terms of a specified range of activities, designated as 'primary' to it. Similarly, each group is defined in terms of the activities designated as primary to the classes within that group, and so on. An establishment which is mainly engaged in activities which have been designated as primary to a particular class is classified to that class, whether or not the establishment is also engaged in other activities.

5. Normally, any one kind of activity is designated as primary to only one class, but in the case of what are called 'overlapping' classes, certain individual activities are designated as primary to more than one class. For example, two classes (0111 and 0112) have been set up to provide, respectively, for sheep farms and cereal grain farms, with a third class (0113) to provide for specified combinations of sheep grazing and cereal grain growing at the one farm.

##### Not a Commodity Classification (Chapter 2, paragraph 11)

6. There is an important distinction between an industrial classification (such as the ASIC) and a commodity classification (e.g. the Brussels Tariff Nomenclature). As an illustration of this distinction, 'metal tricycles' and 'wheelbarrows', considered as commodities, might be regarded as having few attributes in common, and it might be considered inappropriate to bring them together in one category in a commodity classification. However, if the activity

1. See Chapter 2, Paragraph 4.

of producing metal tricycles and the activity of producing wheelbarrows were commonly carried on together at the one establishment, the two activities would be designated as primary to the one industry in an industrial classification, despite the dissimilarity of the articles produced by the respective activities.

7. The Bureau's programme of future work in the field of commodity classification will include the development of an industrial origin commodity classification, in which commodities would be grouped into categories corresponding to the ASIC classes to which they are primary (i.e. the classes in which they are characteristically produced). In the meantime, commodity statistics in the censuses of mining and manufacturing will, in the main, be compiled on the basis of the commodity lists used previously. In this connection it should be noted that the lists of primary activities shown for each ASIC class do not necessarily comprise commodity items for which statistics are compiled; the only purpose of these lists of primary activities is to serve as a medium for defining classes.

#### PURPOSES OF THE CLASSIFICATION (Chapter 2, paragraphs 12-15)

8. The main purpose of the ASIC is to provide a standard framework for classifying establishments and other statistical units by industry, in official statistics. It is being developed as part of an integrated statistical system, which will provide for each individual establishment (or other statistical unit) to be classified to the same industry in all statistical compilations in which it is included. In particular, the ASIC will be used in economic censuses and surveys, population censuses and surveys, and in other statistics (national accounts, etc.) derived from the basic statistics.

9. Data classified according to the ASIC can be converted to conform with the International Standard Industrial Classification of All Economic Activities (ISIC).

10. It is anticipated that the ASIC will also be adopted by authorities and organisations outside the official statistical service for their own purposes.

#### PRINCIPLES UNDERLYING THE CONSTRUCTION OF THE CLASSIFICATION (Chapter 2, paragraphs 16-27)

##### Principles Underlying the Definition of Classes (Chapter 2, paragraphs 16-21)

11. The basic principle in devising classes of the ASIC is that they should reflect as realistically as possible the way in which activities are actually organised within establishments.

12. Supporting this principle is the principle that classes should be devised in such a way that:

- (a) a high proportion of the total output of the establishments of which each class is composed should be output of activities which are primary to that class (i.e. the class should have a high 'specialisation ratio');

(b) a high proportion of the total output of the activities which are primary to each class should be produced by establishments which are classified to that class (i.e. the class should have a high 'coverage ratio').

13. Other general principles are as follows:

- (a) the individual classes of the ASIC should represent industries which are significant in size;
- (b) where practicable, classes should be devised so that the activities designated as primary to a class are restricted to activities which are engaged in by a high proportion of the establishments making up that class. The aim of this principle is to provide as many detailed classes as is practicable (consistent with the other principles), to meet the needs of users of detailed industry statistics;
- (c) provision is necessary for convertibility to the ISIC, of Australian statistics classified by industry.

14. Some specific problems of principle and practice relative to certain types of activities, e.g. repair and maintenance, are referred to in paragraphs 47 to 55 in this Chapter.

#### Principles Underlying the Definition of the Broader Levels (Chapter 2, paragraphs 22-27)

15. Many of the principles adopted in devising the class level are also relevant to the broader levels. Certain additional principles have been taken into account in devising the broad levels of the ASIC, as outlined below.

16. At the division level the main purpose is to provide a limited number of categories which will provide a broad overall picture of the economy, and hence be suitable for summary tables in official statistical publications. The sub-division level of the ASIC has been devised specifically to serve two purposes: firstly to provide a means of co-ordinating publication practices in current statistics (i.e. monthly or quarterly series, etc.) and other statistics which are classified by industry only at the broad levels of the classification; secondly to provide for somewhat more detailed categories, for use in summary tables in compilations such as the population census or the economic censuses.

#### COMPARABILITY WITH OTHER CLASSIFICATIONS (Chapter 2, paragraphs 28-36)

17. The structure of the ISIC, and the criteria used in constructing the ISIC, have been followed to the extent that this could be done without conflicting with the principles mentioned above. Attention has also been paid to achieving comparability with industrial classifications used previously in Australian statistics.

#### SUPPLEMENTARY CLASSIFICATIONS (Chapter 2, paragraphs 37-42)

18. A number of supplementary classifications, such as a classification of wholesale establishments by type of operation (e.g. merchants, agents, etc.), will be utilised in conjunction with the ASIC.

THE UNITS TO BE CLASSIFIED

## (Chapter 3)

ESTABLISHMENT AND RELATED UNITS (Chapter 3, paragraphs 1-45)Main Determinants of the Establishment (Chapter 3, paragraphs 1-12)

19. The significance of the establishment in economic statistics is that it is the unit used in the compilation of detailed 'structural' statistics. These statistics relate to particulars such as value added, capital expenditure, or employment, classified by characteristics such as industry, size of establishment or geographical area.

20. Because of the diverse ways in which economic activities are organised, the statistical concept of the establishment is necessarily complex. The basic idea of the establishment is, however, a simple one - it is a unit covering all the operations carried on under the ownership of one enterprise at a single physical location. Typical establishments are individual mines, factories and retail stores.

21. The term 'single location' is not completely self-defining. For example, where two factories under one ownership are physically separate and operated under separate management and are at contiguous addresses, each factory is regarded as a separate location.

22. Not all single locations are treated as establishments. Some locations are treated as 'administrative offices' or 'ancillary units' (see paragraph 23 in this Chapter). Also in some circumstances separate physical locations are combined to form one establishment, whilst in others a single physical location engaged in more than one activity is split into more than one establishment.

Administrative Offices and Ancillary Units (Chapter 3, paragraphs 31-40)

23. Some locations such as separate head offices are not treated as establishments but as 'administrative offices'. Also, some kinds of locations (such as bulk stores, laboratories, delivery depots) mainly providing services within the same business are not treated as establishments but as 'ancillary units'. Administrative offices and ancillary units are classified by industry, not on the basis of their own major activity, but on the basis of the industry of the establishments which they administer or serve.

Combining of Locations (Chapter 3, paragraphs 13-18)

24. In Sub-division 36 Electricity and Gas (in Division D) and Division E Construction (Sub-divisions 41 and 42), the concept of the establishment relates, in general, to all locations of the one enterprise in the one State which are mainly engaged in electricity generation and distribution, gas production and distribution, or construction activities, respectively.

25. In Division J Public Administration and Defence, Class 7103 Local Government Administration the concept of the establishment

embraces all the locations operated by a particular local government authority which are mainly engaged in activities primary to Class 7103.

26. In certain other specified circumstances, one or more separate locations within the one local government area may be combined to form the one establishment.

Splitting of Locations Engaged in More than One Activity (Chapter 3, paragraphs 19-29)

27. For this purpose the term 'single activity' relates to all of the economic activities which have been designated as primary to one ASIC class. Locations engaged in more than one activity in this sense are split to form more than one establishment in two main types of circumstances, in which it is considered realistic to regard each such activity within the one location as a separate operating entity.

28. The first relates to a limited number of specific activities, where empirical investigations have shown that separate accounting records relating to the individual activities are generally available for the range of data desired for compilation of establishment statistics. An example is the combination of grape growing (primary to Class 0141) and wine and brandy making (primary to Class 2194).

29. The second type of situation relates to locations which engage in activities primary to more than one class, on a scale such that the activities at the location which are primary to each class would be more commonly organised as separate operating entities at separate locations. For example, a location engaged both in large-scale production<sup>2</sup> of 'womens skirts' (primary to Class 2422) and large-scale production of 'mens trousers' (primary to Class 2423) might be regarded as an exceptional case and split to form two establishments, since each of these activities, if engaged in on a large scale, would more commonly be carried on at a separate location.

30. Exceptions to the principle described above are: vertically integrated locations which are engaged in a combination of activities primary to the one division of the ASIC are not split, even if each activity is on a large scale (thus, a vertically integrated location engaged both in large-scale production of 'ferrous castings' (primary to Class 2913) and large-scale production of 'agricultural machinery' (primary to Class 3331) would not be split into two establishments if the castings are used for further processing at the same location, e.g., incorporation into agricultural machinery); and, horizontally integrated locations engaged in combinations of activities primary to Sub-division 48 Retail Trade, in Division F, (e.g., in retailing 'floor coverings' (primary to Class 4841) as well as in retailing 'household textiles' (primary to Class 4842)) are not split even if each activity is on a large scale.

31. In certain specified circumstances an administrative office of a public authority is split into an establishment covering general public administration and regulatory functions which are primary to Sub-division 71 Public Administration, in Division J (e.g. administering a scheme of pensions for ex-servicemen), and an administrative office of an 'ancillary' nature, covering the management of activities primary to another Division (e.g. operating hospitals, which is primary to Division K Community Services).

2. See Chapter 3, paragraphs 21-29.

Availability of Accounting Records (Chapter 3, paragraphs 41-45)

32. In the construction of the ASIC and in the definition of the establishment, considerable weight has been given to the practices of businesses in general in maintaining accounting records for separate parts of their organisations. However, the practical application of the Classification and the definition of the establishment in statistical compilations are not modified to suit the accounting practices of individual businesses.

ENTERPRISE GROUP AND ENTERPRISE (Chapter 3, paragraphs 46-55)Enterprise-type units (Chapter 3, paragraph 46)

33. In the integrated statistical system in which ASIC is to be applied, two levels of enterprise-type units are recognised - the enterprise group and the enterprise, the broader of these being the enterprise group.

Enterprise Group (Chapter 3, paragraphs 47-50)

34. The basic concept of the enterprise group is that of a unit comprising all the operations in Australia of a group of legal entities under common ownership or control, e.g. companies which are 'related' in terms of the Companies Acts.

Enterprise (Chapter 3, paragraphs 51-55)

35. The basic concept of the enterprise is the unit comprising all operations in Australia of a single operating legal entity. The term 'operating' is specified in order to exclude 'non-operating' companies, which have no employees and do no business; these are very numerous. In general, for the purpose of defining enterprises, individual non-operating companies are attached to individual related operating companies in the enterprise group.

DEVELOPMENT AND APPLICATION OF THE CLASSIFICATION (Chapter 4)STANDARDS FOR RECOGNISING CLASSES (Chapter 4, paragraphs 1-22)

36. In principle it would be desirable for each ASIC class to meet certain quantitative standards relating to homogeneity of output (in terms of minimum acceptable specialisation and coverage ratios) and importance (in terms of output measures such as sales or gross receipts). In practice the extent to which this approach can be applied varies in different areas of the Classification, depending upon the amount and type of quantitative information available. During the processing of the first integrated economic censuses, relating to Mining, Manufacturing, Electricity and Gas Production and Distribution, Wholesale and Retail Trade and certain Services, a review will be made of the specialisation and coverage ratios of classes covered by the censuses. Where necessary the ASIC will be modified so as to provide improved ratios for such classes, before the final edition is issued.

37. As a general rule it is thought, tentatively, that the minimum level of specialisation acceptable for an ASIC class should be 80 per cent, and the minimum level of coverage acceptable for an ASIC class should be 70 per cent.

METHODS OF CLASSIFYING UNITS (Chapter 4, paragraphs 23-41)

Methods of Classifying Establishments (Chapter 4, paragraphs 23-38, 41)

38. Where an establishment is engaged in activities which are all primary to one industry, the establishment will, naturally, be classified to that industry. Where an establishment is engaged in activities primary to more than one industry, the establishment will, in general, be classified on the basis of its major activity. For example, ribbon manufacturing is designated as primary to the 'narrow woven fabrics' manufacturing industry. Accordingly, an establishment engaged solely in manufacturing ribbons, and an establishment engaged in several activities but whose major activity is manufacturing ribbons, would both be classified to that industry. Wherever practicable the procedures for assessing major activity are to be based on quantitative data (such as value of gross receipts).

39. An establishment will be classified firstly to a division of the ASIC, then to a sub-division within that division, then to a group within that sub-division, and finally to a class within that group.

40. Establishments will be allocated between Divisions B and F, and between Divisions C and F on the basis of the 'value added' by the establishment in activities primary to the respective divisions; apart from these two cases, the allocation of establishments between any two divisions within the scope of the integrated economic censuses, and between any one such division and any division outside the scope of those censuses, will generally be based on gross receipts in activities primary to each division. The allocation of establishments between any two divisions outside the scope of the censuses will generally be based on the respondent's assessment of major activity, supplemented in some cases by other relevant information.

41. Below the division level, establishments will generally be classified to sub-divisions, groups and classes within the scope of the integrated economic censuses on the basis of gross receipts in activities primary to the respective sub-divisions, etc. In other cases establishments will generally be classified on the basis of the respondent's assessment of major activity, supplemented by quantitative data where appropriate and available.

42. The gross receipts criterion is modified in some cases for the purpose of classifying establishments which produce or sell goods on commission.

Method of Classifying Administrative Offices and Ancillary Units  
(Chapter 4, paragraph 39)

43. Administrative offices and ancillary units are classified to the predominant class of the establishments administered or served, determined on the basis of the value added by each establishment.

Method of Classifying Enterprises and Enterprise Groups (Chapter 4, paragraph 40).

44. Value added in the various establishments of the enterprise will be the criterion for assessing the main activity of the enterprise, and it is tentatively proposed that value added (or some related criterion) in the various enterprises of the enterprise group, should be the criterion for assessing the main activity of the enterprise group.

USE OF ASIC IN PUBLICATION OF STATISTICS (Chapter 4, paragraphs 42-48)

Censuses (Chapter 4, paragraph 42)

45. In population censuses and economic censuses some tables will be presented in the full detail of the ASIC. In tables providing cross-classifications by industry and other characteristics, industry detail will generally be shown down to the group level of ASIC, with totals also shown for divisions and sub-divisions.

Other Statistics (Chapter 4, paragraphs 43-48)

46. In publishing other types of statistics, such as current statistical series, in general the following rule will apply:

Any industry category for which separate figures are shown in any statistical table should be one of the following:

- (a) a division, sub-division, group or class of ASIC;
- (b) a combination of sub-divisions within the one division of ASIC;
- (c) a combination of groups within the one sub-division of ASIC;
- (d) a combination of classes within the one group of ASIC

SPECIAL TREATMENT OF CERTAIN ACTIVITIES

(Chapter 5)

REPAIR AND MAINTENANCE ACTIVITIES (Chapter 5, paragraphs 1-11)

47. Repair of buildings and structures is primary to relevant classes in Division E Construction.

48. Repair activities usually carried out in association with manufacturing are designated as primary activities of classes covering the manufacture of the types of equipment concerned, within Division C Manufacturing.

49. Repair activities usually carried out in association with wholesale and retail trading activities are designated as primary to classes in Division F Wholesale and Retail Trade. Separate classes have been provided for some types of repairs, whilst other types of repairs have been designated as primary to the classes relating to trading in the types of commodities concerned.

50. Some types of repairs of transport equipment are designated as primary to relevant classes within Division G Transport, because they are largely carried out by establishments mainly engaged in transport activities (see sub-paragraphs (f) and (g) of paragraph 39 in Chapter 3).

51. Any particular kind of repair activity which has not been explicitly provided for in the ASIC in one of these ways is primary to the class covering the manufacture of the articles concerned, within Division C Manufacturing.

#### INSTALLATION ACTIVITIES (Chapter 5, paragraphs 12-17)

52. Establishments mainly engaged in a specific installation activity (i.e. installation of a specific type of equipment) may be recognised as a separate class in the ASIC, subject to the standards for recognising separate classes. In general where this is done, the class is located in Division E Construction. In other cases, a specific installation activity is designated as a primary activity of a class covering other kinds of activity with which that installation activity is commonly associated.

53. Some examples of treatment of installation activity in the ASIC are as follows. Installation of lifts and escalators is primary to Class 3339 Industrial Machinery and Equipment n.e.c., in Division C Manufacturing. Glazing - in effect the 'installation' of windows etc. - is primary to Class 4672 Builders Hardware and Building Materials n.e.c., in Sub-division 46-47 Wholesale Trade. Installation of household appliances is primary to Class 4851 in Sub-division 48 Retail Trade. Separate classes are provided in Division E Construction for establishments mainly engaged in activities such as electrical installation, plastering, floor and wall tiling, and roof tiling.

#### LEASING ACTIVITIES (Chapter 5, paragraphs 18-21)

54. Leasing, hiring or renting activities are designated as primary to various ASIC classes, on the basis of the following factors: the type of plant or equipment, etc. leased; the term of the lease (e.g. one year or more); whether equipment is leased (or hired) with or without operators; and whether the establishment engaged in leasing takes physical possession of the goods.

#### BLENDING, ASSEMBLY, BOTTLING AND REPACKING (Chapter 5, paragraphs 22-24)

55. The treatment of these activities depends mainly on what other activities, if any, they are commonly associated with at establishments. For example, blending of lubricating oils is primary to Class 4640 in Sub-division 46-47 Wholesale Trade, because it is commonly carried out at wholesale establishments.

#### THE NUMBERING SYSTEM

##### (Chapter 6)

56. The divisions are identified by letters A, B, etc., sub-divisions by two-digit numbers, groups by 3-digit numbers, and classes by 4-digit numbers.



